

Company Registration No. SC042307 (Scotland)

**PIKREVNI INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

WEDNESDAY



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# PIKREVNI INVESTMENTS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	AA Colquhoun Mrs E M Colquhoun S N Colquhoun Mrs A I Colquhoun
<b>Secretary</b>	Mrs E M Colquhoun
<b>Company number</b>	SC042307
<b>Registered office</b>	Lodge on Loch Lomond Hotel LUSS Argyll G83 8PA
<b>Auditor</b>	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

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# PIKREVNI INVESTMENTS LIMITED

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# PIKREVNI INVESTMENTS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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The directors present their strategic report for the year ended 30 September 2016.

### **Fair Review of the Business**

The company operates two hotels, Lodge on the Loch and Inn on the Loch.

The directors were satisfied with trading results for the year, in particular, the strong gross margin. Throughout the year, the directors have continued to look at costs and have and will continue to reinvest in the hotels.

At the year end, the Lodge on the Loch embarked on a large refurbishment programme and we should see the results of this in the next financial year.

### **Description of Principal Risks and Uncertainties**

The company has a bank loan and this is exposed to changes in interest rates.

On behalf of the board

.....  
S N Colquhoun

Director

31/4/17

# PIKREVNI INVESTMENTS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2016

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The directors present their annual report and financial statements for the year ended 30 September 2016.

#### Principal activities

The principal activity of the company continued to be that of operating hotels.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A A Colquhoun  
Mrs E M Colquhoun  
S N Colquhoun  
Mrs A I Colquhoun

#### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £181,533. The directors do not recommend payment of a final dividend.

#### Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# PIKREVNI INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

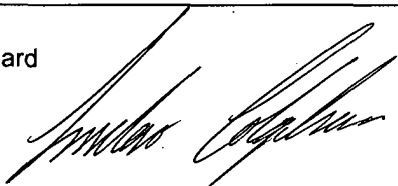
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On behalf of the board

.....  
S N Colquhoun

Director

.....31/4/17.....



# **PIKREVNI INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PIKREVNI INVESTMENTS LIMITED**

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We have audited the financial statements of Pikrevni Investments Limited for the year ended 30 September 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# PIKREVNI INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF PIKREVNI INVESTMENTS LIMITED

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Schuster Carmichael LLP*

Hugh Boyle (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP

*10 April 2017*

Chartered Accountants  
Statutory Auditor

227 West George Street  
GLASGOW  
G2 2ND



# PIKREVNI INVESTMENTS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	5,399,241	5,135,572
Cost of sales		(1,161,705)	(1,210,447)
<b>Gross profit</b>		<b>4,237,536</b>	<b>3,925,125</b>
Administrative expenses		(3,515,264)	(3,419,990)
<b>Operating profit</b>	4	<b>722,272</b>	<b>505,135</b>
Interest payable and similar charges	7	(229,373)	(238,268)
<b>Profit before taxation</b>		<b>492,899</b>	<b>266,867</b>
Taxation	8	(83,696)	(44,189)
<b>Profit for the financial year</b>	23	<b>409,203</b>	<b>222,678</b>
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		3,221,141	-
Tax relating to other comprehensive income		(132,465)	-
<b>Total comprehensive income for the year</b>		<b>3,497,879</b>	<b>222,678</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# PIKREVNI INVESTMENTS LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11	11,509,339		8,382,558	
<b>Current assets</b>					
Stocks	13	31,866		40,746	
Debtors	14	165,702		199,889	
Cash at bank and in hand		271,927		4,642	
		469,495		245,277	
<b>Creditors: amounts falling due within one year</b>	15	(1,641,698)		(1,467,190)	
<b>Net current liabilities</b>		(1,172,203)		(1,221,913)	
<b>Total assets less current liabilities</b>		10,337,136		7,160,645	
<b>Creditors: amounts falling due after more than one year</b>	16	(4,930,936)		(5,247,816)	
<b>Provisions for liabilities</b>	20	(221,214)		(44,189)	
<b>Net assets</b>		5,184,986		1,868,640	
<b>Capital and reserves</b>					
Called up share capital	22	20,000		20,000	
Revaluation reserve	23	4,293,105		1,204,429	
Profit and loss reserves	23	871,881		644,211	
<b>Total equity</b>		5,184,986		1,868,640	

The financial statements were approved by the board of directors and authorised for issue on 3/4/17 and are signed on its behalf by:

S N Colquhoun  
Director

Company Registration No. SC042307

# PIKREVNI INVESTMENTS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2014</b>		20,000	1,204,429	471,173	1,695,602
<b>Year ended 30 September 2015:</b>					
Profit and total comprehensive income for the year		-	-	222,678	222,678
Dividends	9	-	-	(49,640)	(49,640)
<b>Balance at 30 September 2015</b>		20,000	1,204,429	644,211	1,868,640
<b>Year ended 30 September 2016:</b>					
Profit for the year		-	-	409,203	409,203
Other comprehensive income:					
Revaluation of tangible fixed assets		-	3,221,141	-	3,221,141
Tax relating to other comprehensive income		-	(132,465)	-	(132,465)
Total comprehensive income for the year		-	3,088,676	409,203	3,497,879
Dividends	9	-	-	(181,533)	(181,533)
<b>Balance at 30 September 2016</b>		20,000	4,293,105	871,881	5,184,986

# PIKREVNI INVESTMENTS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	1,060,060		568,156	
Interest paid		(229,373)		(238,268)	
<b>Net cash inflow from operating activities</b>		<b>830,687</b>		<b>329,888</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(73,064)		(146,499)	
<b>Net cash used in investing activities</b>		<b>(73,064)</b>		<b>(146,499)</b>	
<b>Financing activities</b>					
Repayment of bank loans		(294,102)		(268,274)	
Payment of finance leases obligations		(8,409)		(6,688)	
Dividends paid		(181,533)		(49,640)	
<b>Net cash used in financing activities</b>		<b>(484,044)</b>		<b>(324,602)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>273,579</b>		<b>(141,213)</b>	
Cash and cash equivalents at beginning of year		(1,652)		139,561	
<b>Cash and cash equivalents at end of year</b>		<b>271,927</b>		<b>(1,652)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		271,927		4,642	
Bank overdrafts included in creditors payable within one year		-		(6,294)	

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

Pikrevni Investments Limited is a company limited by shares incorporated in Scotland. The registered office is Lodge on Loch Lomond Hotel, LUSS, Argyll, G83 8PA.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 September 2016 are the first financial statements of Pikrevni Investments Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### **1.2 Going concern**

At the year end the company was showing a net current liability position which indicates the company may not be a going concern. However, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Turnover is recognised at the point which the company fulfils its contractual obligation to the customer. Deposits received for future events are deferred until the service has been provided.

#### **1.4 Intangible fixed assets - goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of five years.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2016

#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values. No depreciation has been applied to the company's freehold properties. The directors believe that, given the nature of the properties and the company's maintenance programmes, the residual value is at least equal to the properties carrying value.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	Not depreciated
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in the profit and loss account or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in the profit and loss account.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct costs that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the weighted average method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with bank and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include certain debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including certain creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Tangible fixed assets - useful life, residual values and impairment*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives and residual values, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Independent valuations in respect of those assets carried at fair value are performed with sufficient regularity to ensure that residual values and the carrying amounts of assets held do not differ significantly from their fair value.

Where there are indicators of impairment of individual assets, impairment tests are performed. These are based on a calculation of either fair value less costs to sell or value in use.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Operation of hotels	5,399,241	5,135,572

#### Turnover analysed by geographical market

	2016 £	2015 £
UK	5,399,241	5,135,572

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,000
Depreciation of owned tangible fixed assets	166,951	166,365
Depreciation of tangible fixed assets held under finance leases	3,041	3,627
Cost of stocks recognised as an expense	1,161,705	1,210,447
Operating lease charges	170,090	161,255
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Directors and management	4	4
Other staff	124	128
	<u>          </u>	<u>          </u>
	128	132
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,840,231	1,852,833
Social security costs	116,841	118,151
Pension costs	6,675	7,152
	<u>          </u>	<u>          </u>
	1,963,747	1,978,136
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	124,731	124,397
	<u>          </u>	<u>          </u>

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 7 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	228,148	237,599
Interest on finance leases and hire purchase contracts	679	669
Other interest on financial liabilities	546	-
	<u>229,373</u>	<u>238,268</u>

### 8 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	39,136	-
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	51,188	44,189
Changes in tax rates	(6,628)	-
	<u>44,560</u>	<u>44,189</u>
<b>Total deferred tax</b>		
	<u>44,560</u>	<u>44,189</u>
<b>Total tax charge</b>	<u>83,696</u>	<u>44,189</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>492,899</u>	<u>266,867</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.50%)	98,580	54,708
Tax effect of expenses that are not deductible in determining taxable profit	778	2,772
Change in unrecognised deferred tax assets	-	(12,584)
Effect of change in corporation tax rate	(15,662)	(1,419)
	<u>-</u>	<u>712</u>
<b>Tax expense for the year</b>	<u>83,696</u>	<u>44,189</u>

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 8 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £	2015 £
Deferred tax arising on: Revaluation of property	132,465	-

### 9 Dividends

	2016 £	2015 £
Interim paid	181,533	49,640

### 10 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 October 2015 and 30 September 2016	450,000
<b>Amortisation and impairment</b>	
At 1 October 2015 and 30 September 2016	450,000
<b>Carrying amount</b>	
At 30 September 2016	-
At 30 September 2015	-

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 11 Tangible fixed assets

	Land and buildings freehold	Plant and Motor vehicles machinery		Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 October 2015	7,455,229	3,771,042	31,348	11,257,619
Additions	-	75,632	-	75,632
Revaluation	3,221,141	-	-	3,221,141
At 30 September 2016	10,676,370	3,846,674	31,348	14,554,392
<b>Depreciation and impairment</b>				
At 1 October 2015	-	2,857,720	17,341	2,875,061
Depreciation charged in the year	-	165,324	4,668	169,992
At 30 September 2016	-	3,023,044	22,009	3,045,053
<b>Carrying amount</b>				
At 30 September 2016	10,676,370	823,630	9,339	11,509,339
At 30 September 2015	7,455,229	913,322	14,007	8,382,558

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	1,819	-
Motor vehicles	8,161	10,881
	9,980	10,881
Depreciation charge for the year in respect of leased assets	3,041	3,627

Freehold land and buildings and plant and machinery were valued by Colliers International, Chartered Surveyors, during November 2016. The valuation reflects the market values of the hotels as fully equipped operational entities having regard to their trading potential. The directors are satisfied that these valuations are applicable as at the balance sheet date and therefore the carrying value of these assets have been updated accordingly.

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 11 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2016 £	2015 £
Cost	7,257,590	7,257,590
Accumulated depreciation	1,006,790	1,006,790
Carrying value	<u>6,250,800</u>	<u>6,250,800</u>

### 12 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>274,516</u>	<u>90,444</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>5,927,963</u>	<u>6,073,469</u>

### 13 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>31,866</u>	<u>40,746</u>

### 14 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Other debtors	2,589	92,096
Prepayments and accrued income	163,113	107,793
	<u>165,702</u>	<u>199,889</u>

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	17	317,289	300,805
Obligations under finance leases	18	1,961	7,802
Trade creditors		396,968	323,174
Corporation tax		39,136	-
Other taxation and social security		259,715	240,264
Other creditors		566,846	551,436
Accruals and deferred income		59,783	43,709
		<u>1,641,698</u>	<u>1,467,190</u>

Obligations under finance leases are secured over the assets with which they relate.

### 16 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	17	<u>4,930,936</u>	<u>5,247,816</u>

### 17 Loans and overdrafts

	2016 £	2015 £
Bank loans	5,248,225	5,542,327
Bank overdrafts	-	6,294
	<u>5,248,225</u>	<u>5,548,621</u>
Payable within one year	317,289	300,805
Payable after one year	<u>4,930,936</u>	<u>5,247,816</u>

The long-term loans are secured by a bond and floating charge over the company assets as well as a personal bond and standard security over The Lodge on Loch Lomond Hotel, The Inn on Loch Lomond and the Beach House and ground at Inverbeg. The bank also holds assignments over the Norwich Union policy on the lives of S N Colquhoun and Mrs A I Colquhoun for the sum of £4m.



# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 18 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	1,961	6,688
In two to five years	-	1,114
	<u>1,961</u>	<u>7,802</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	221,214	44,189
	<u>221,214</u>	<u>44,189</u>

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Balances:</b>		
Accelerated capital allowances	88,949	111,764
Tax losses	-	(67,359)
Revaluations	132,465	-
Other timing differences	(200)	(216)
	<u>221,214</u>	<u>44,189</u>

	2016 £
<b>Movements in the year:</b>	
Liability at 1 October 2015	44,189
Charge to profit or loss	44,560
Charge to other comprehensive income	132,465
	<u>221,214</u>
Liability at 30 September 2016	<u>221,214</u>

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 20 Deferred taxation

(Continued)

The deferred tax balances are not expected to reverse within the next 12 months.

The company has estimated tax losses of £Nil (2015 - 336,795) available for carry forward against future trading profits.

### 21 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	6,675	7,152

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £1,172 (2015 - £1,079) are payable to the fund at the year end and are included in creditors.

### 22 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
20,000 Ordinary shares of £1 each	20,000	20,000

### 23 Reserves

#### Revaluation reserve

Revaluation reserves represent the difference between the fair value and the carrying value on an historic cost basis of assets held at valuation.

#### Profit and loss reserves

Profit and loss reserves represent the total comprehensive income for the year and prior periods less dividends paid.

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	1,872	1,872
Between two and five years	4,896	6,768
	6,768	8,640

# PIKREVNI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	139,582	138,595

### 26 Directors' transactions

Dividends totalling £181,533 (2015 - £49,640) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Directors Loan Account	-	68,065	59,453	-	(16,668)	110,850
		68,065	59,453	-	(16,668)	110,850

### 27 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	409,203	222,678
<b>Adjustments for:</b>		
Taxation charged	83,696	44,189
Finance costs	229,373	238,268
Depreciation and impairment of tangible fixed assets	169,992	169,992
<b>Movements in working capital:</b>		
Decrease in stocks	8,880	717
Decrease/(increase) in debtors	34,187	(73,651)
Increase/(decrease) in creditors	124,729	(34,037)
<b>Cash generated from operations</b>	<b>1,060,060</b>	<b>568,156</b>